



Production Value and Location

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Production Value and Location

Agenda

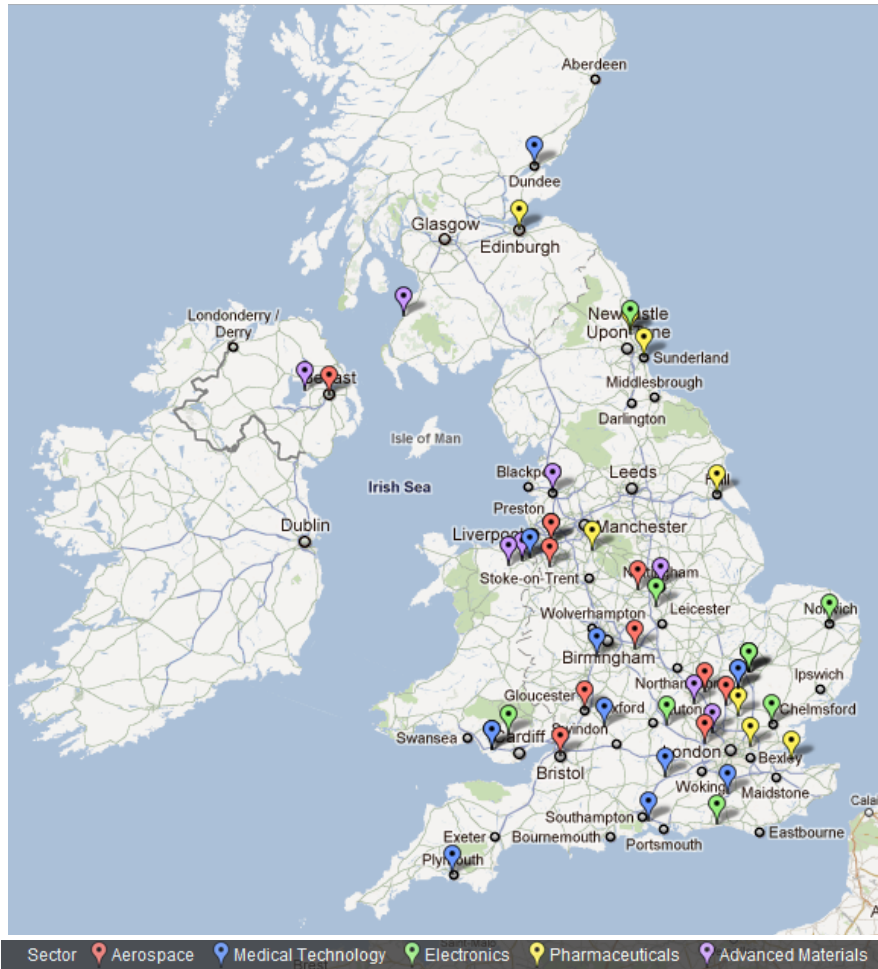
Study Methods

Reshoring Production

Assessing the Value of Production

Bay Area Production

Study Methods

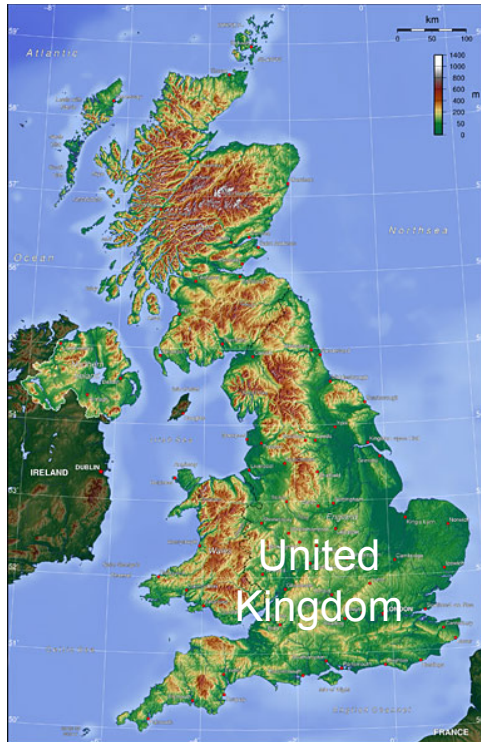


Research Questions:
What is the value of
production and how does
it affect the location of
production?

Five leading industrial
sectors

>100 companies studied
randomly sampled;
multiple informants

United Kingdom and California

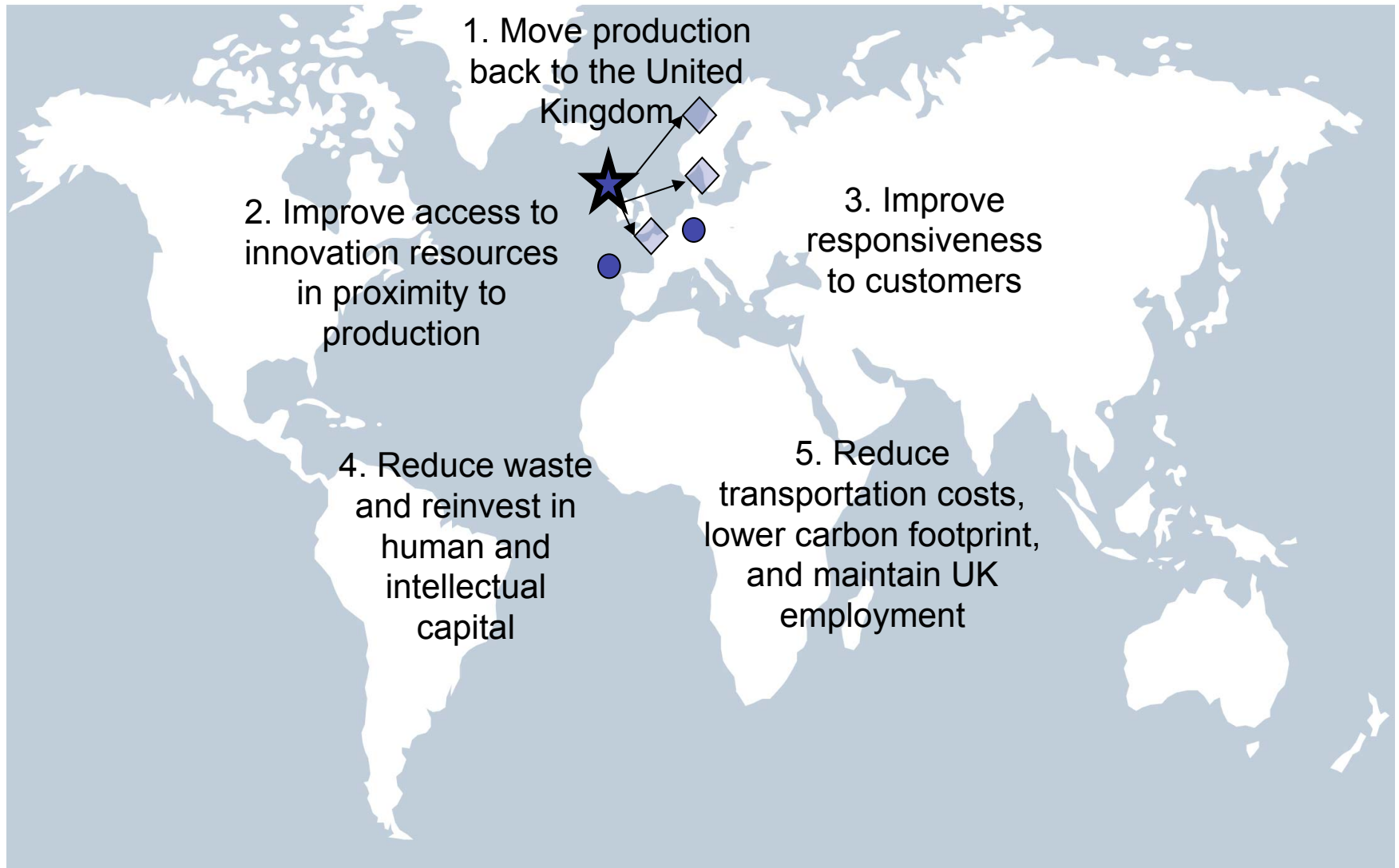


Population: 63M
Area: 94,060 mi.²
GDP: \$2.433 trillion
3.1M manufacturing jobs
Biomed, Aerospace. Adv. Materials, Food

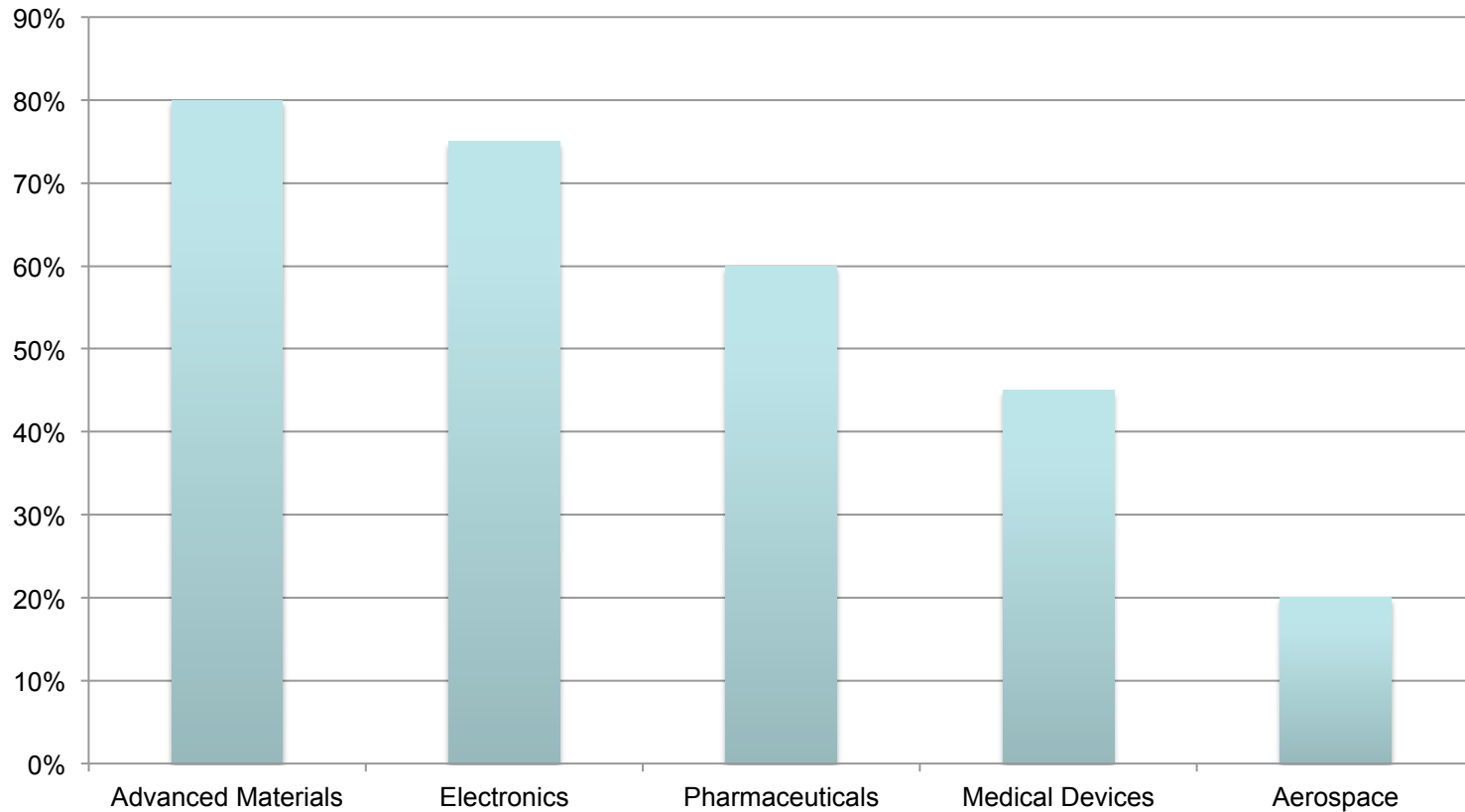


Population: 38M
Area: 163,696 mi.²
GDP: \$1.96 trillion
2.5M manufacturing jobs
Computers, Biomed, Aerospace, Food

Reshoring Production



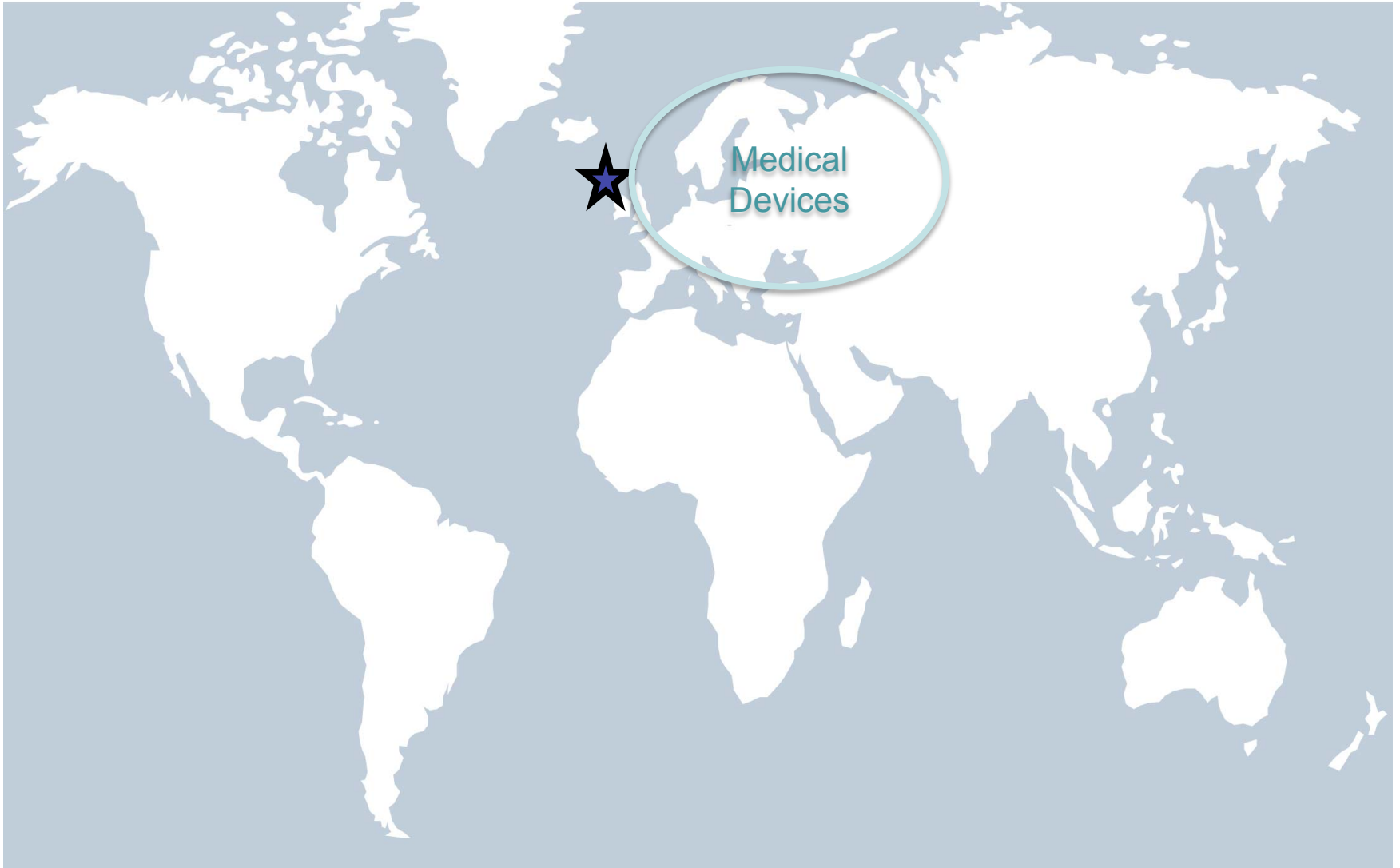
Offshored Production by Sector



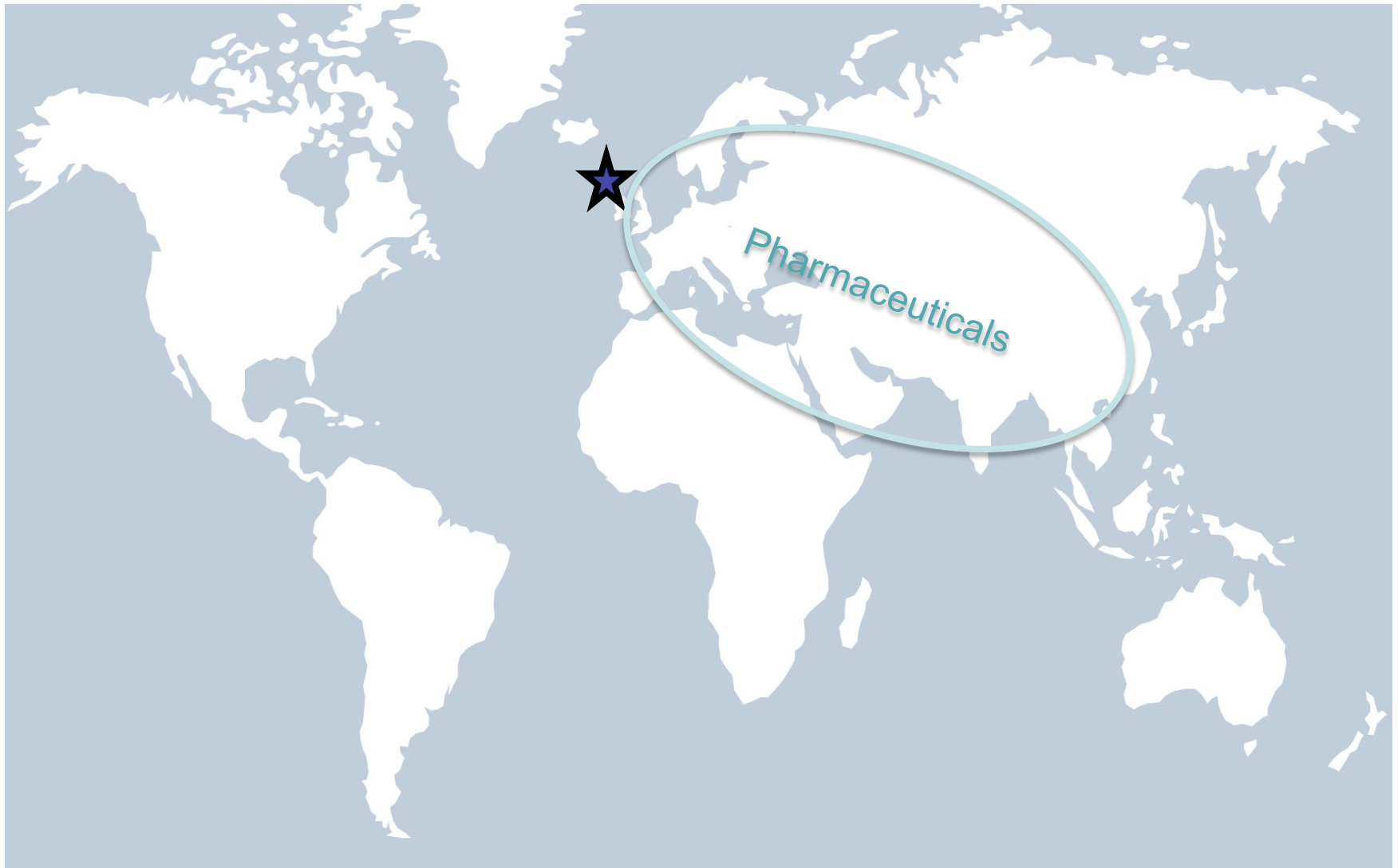
Global Production Footprint - Aerospace



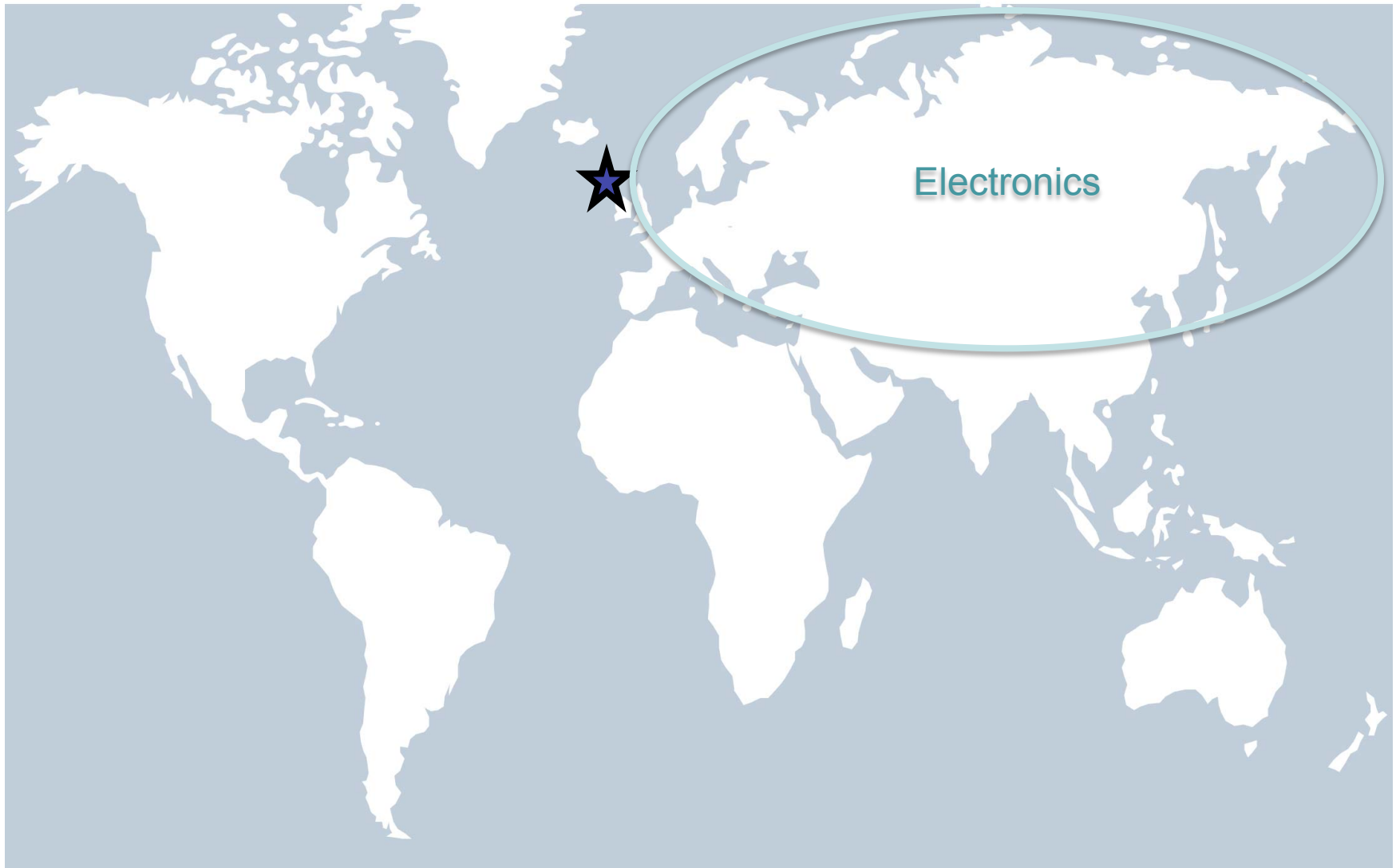
Global Production Footprint – Medical Devices



Global Production Footprint - Pharmaceuticals



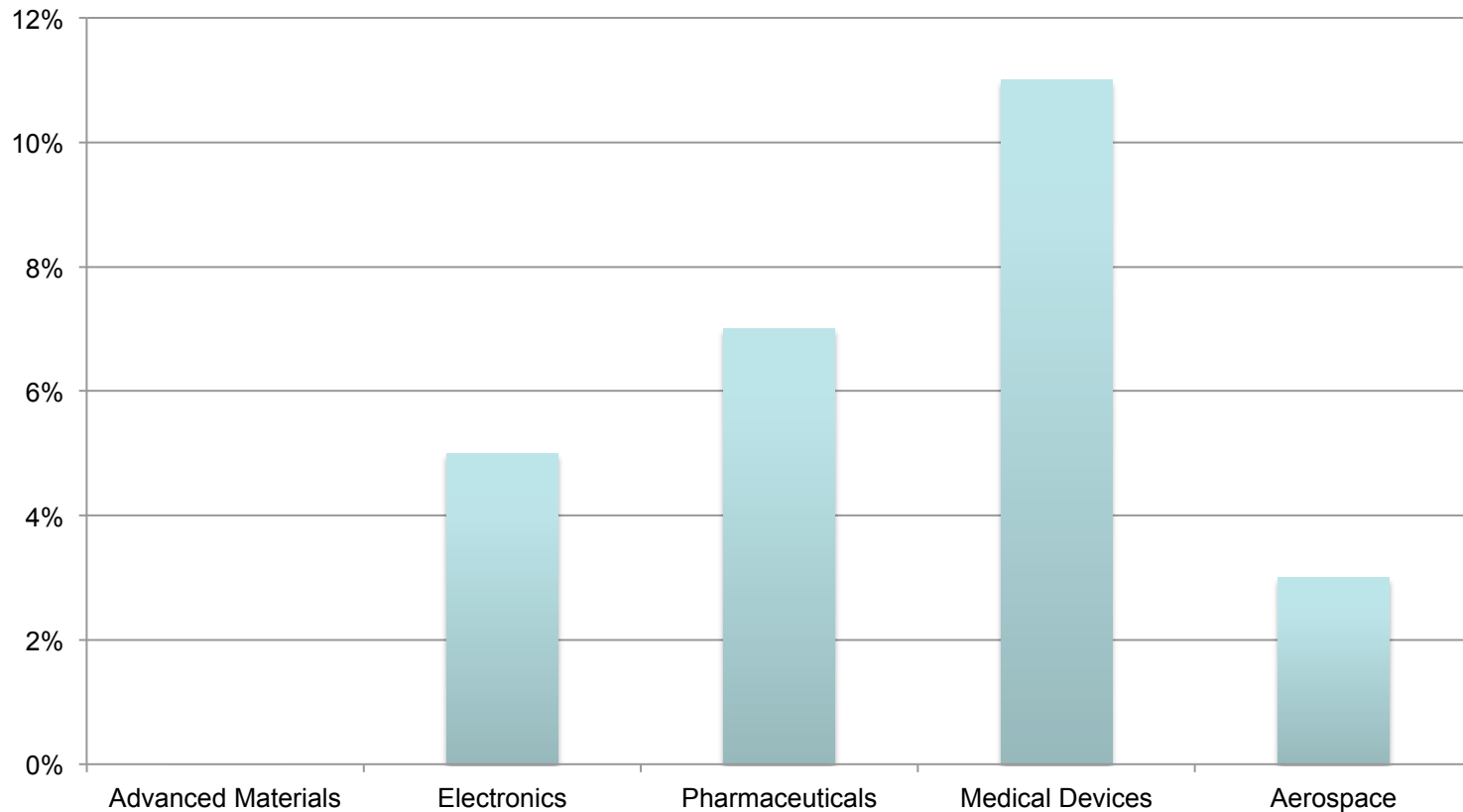
Global Production Footprint - Electronics



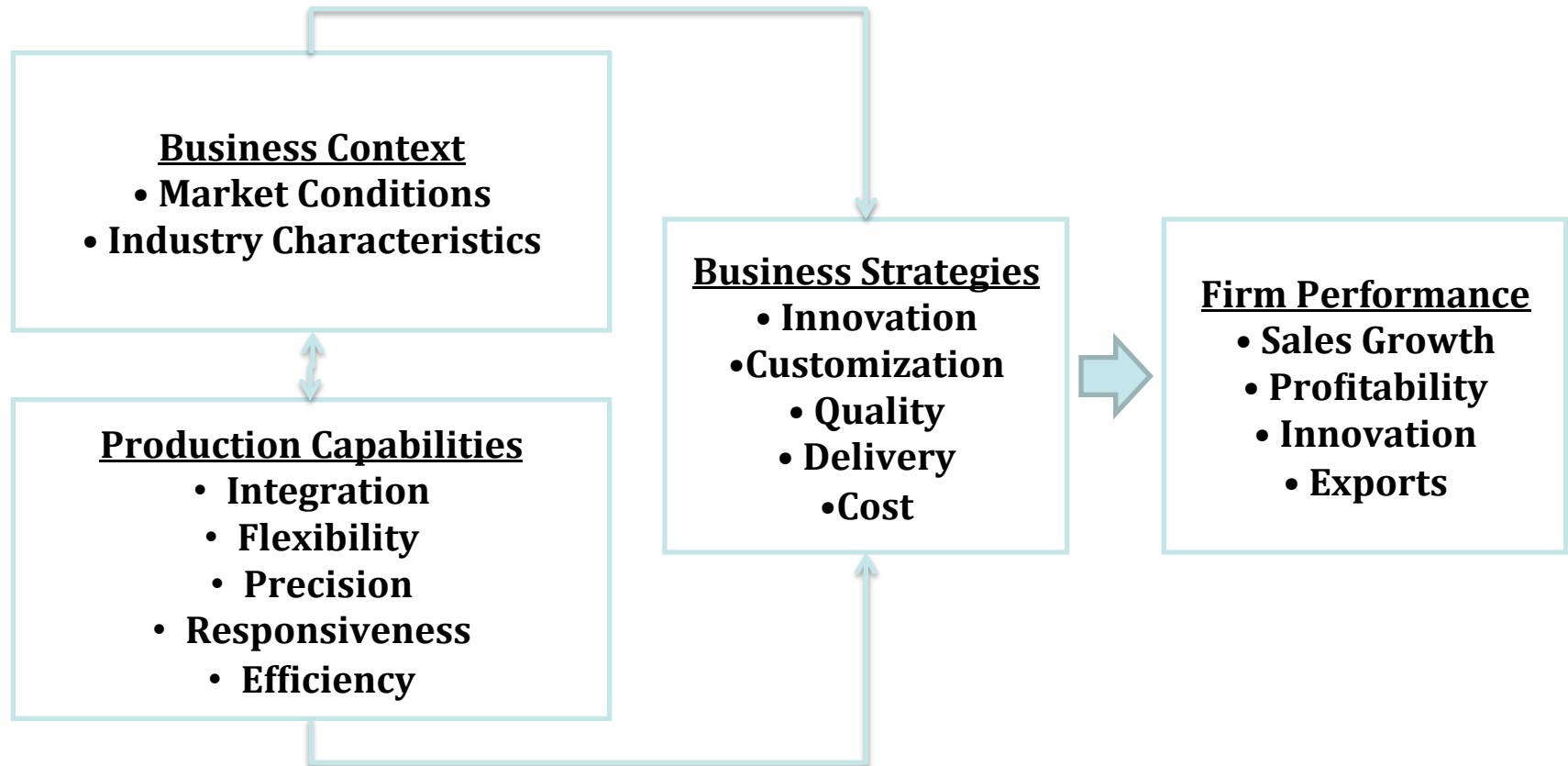
Global Production Footprint – Advanced Materials



Reshored Production by Sector 2009-2012



Strategic Framework for Assessing the Value of Production



Production for Innovation

Context: Production can drive innovation when differentiation matters, customers are not price sensitive and have specific needs enabling experimentation with equipment, processes, materials while making products.

Capabilities: Value chain integration enables better sharing of expertise, experience, insight, and co-development of products with customers and suppliers.

Performance: Leaders in innovation; profitability; exports

Monitoring: Competition; conditions of demand

Case Examples



Production for Customisation

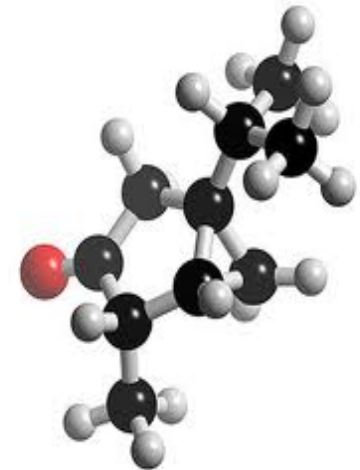
Context: Favorable when businesses have customers willing to pay for adaptations to standard products to meet specialized needs.

Capabilities: A production system that can accept variations in product specifications and ability to communicate with customers to make product changes

Performance: Leaders in profitability; exports

Monitoring: Willingness to pay for speciality products and innovations in production technology and processes to enhance ability to customize more easily.

Case Examples



Production for Quality

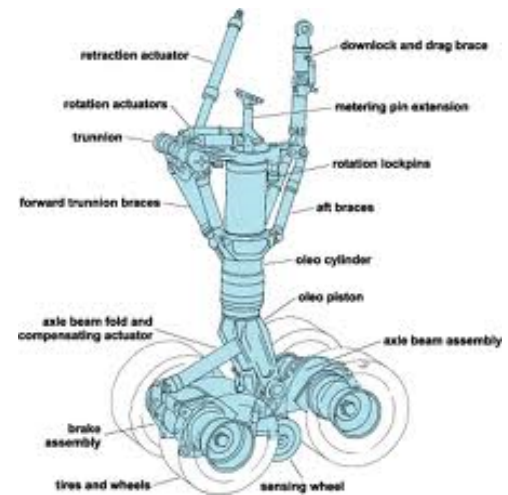
Context: Production for quality may be essential when a company's reputation and future rests on either differentiating quality or a no-failure guarantee.

Capabilities: Ability to minimize defects in production; ability to employ statistical process control; the extent of quality assurance system extends into supply network

Performance: Leaders in profitability; innovation

Monitoring: Conditions of demand; and innovations in production technology and processes to enhance quality

Case Examples



Production for Delivery

Context: Engaging in production can ensure delivery because a company can retain greater control over the possible variations that can reduce delivery performance.

Capabilities: Effectiveness at production scheduling and controlling influence ability to deliver products as a competitive advantage.

Performance: Leaders in sales growth

Monitoring: Anticipate and eliminate hold-ups in production; design of production processes and operations

Case Examples



Production for Cost Control

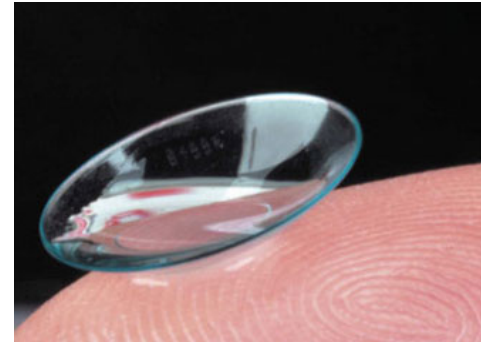
Case Examples

Context: Engaging in production for cost leadership may be essential with price-sensitive customers and the business has capabilities that enable industry-leading efficiency.

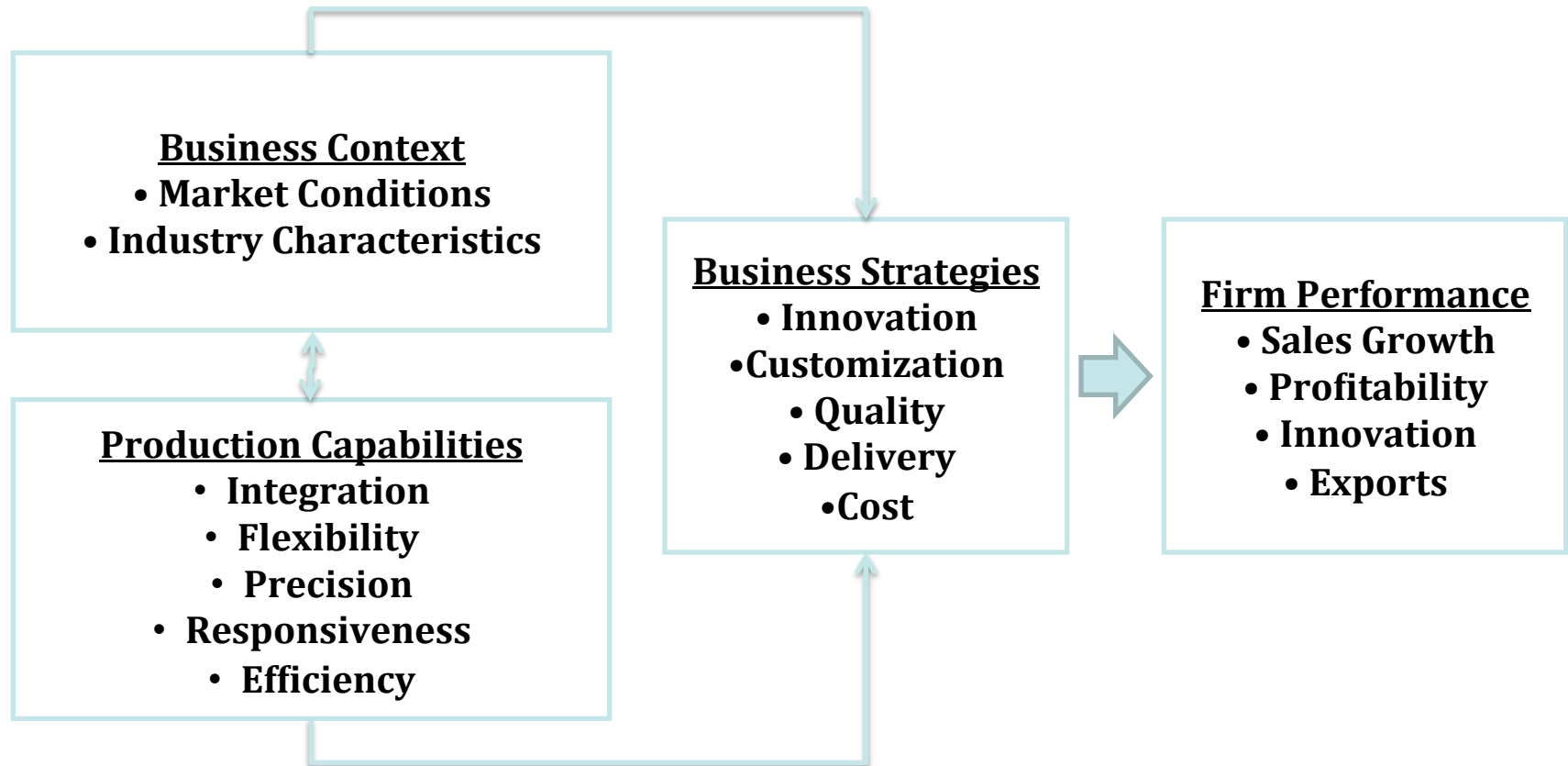
Capabilities: Effectiveness at gaining economies of scale, strategic sourcing; just-in-time production

Performance: Leaders in sales growth

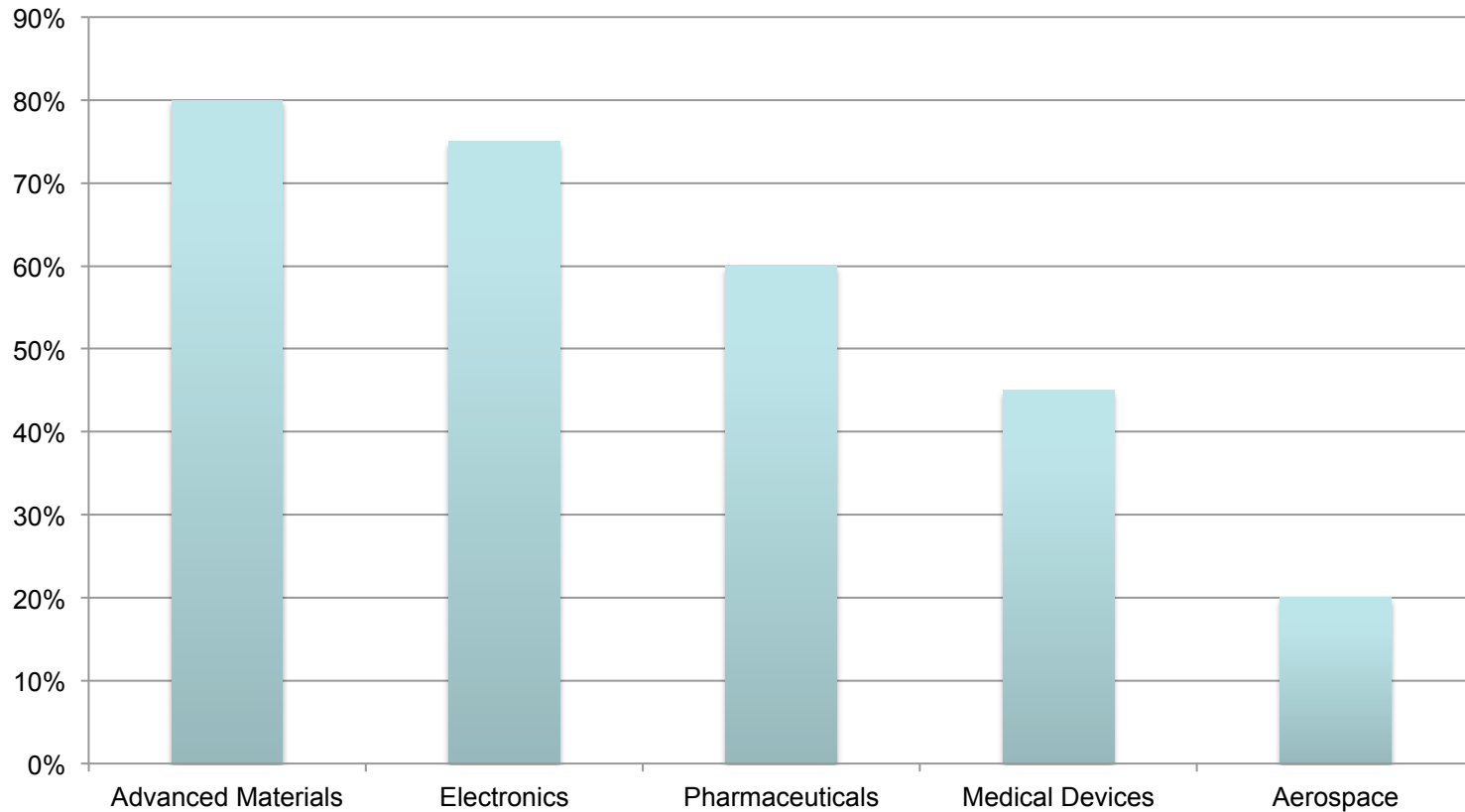
Monitoring: Demand including price sensitivity; innovations in production technology



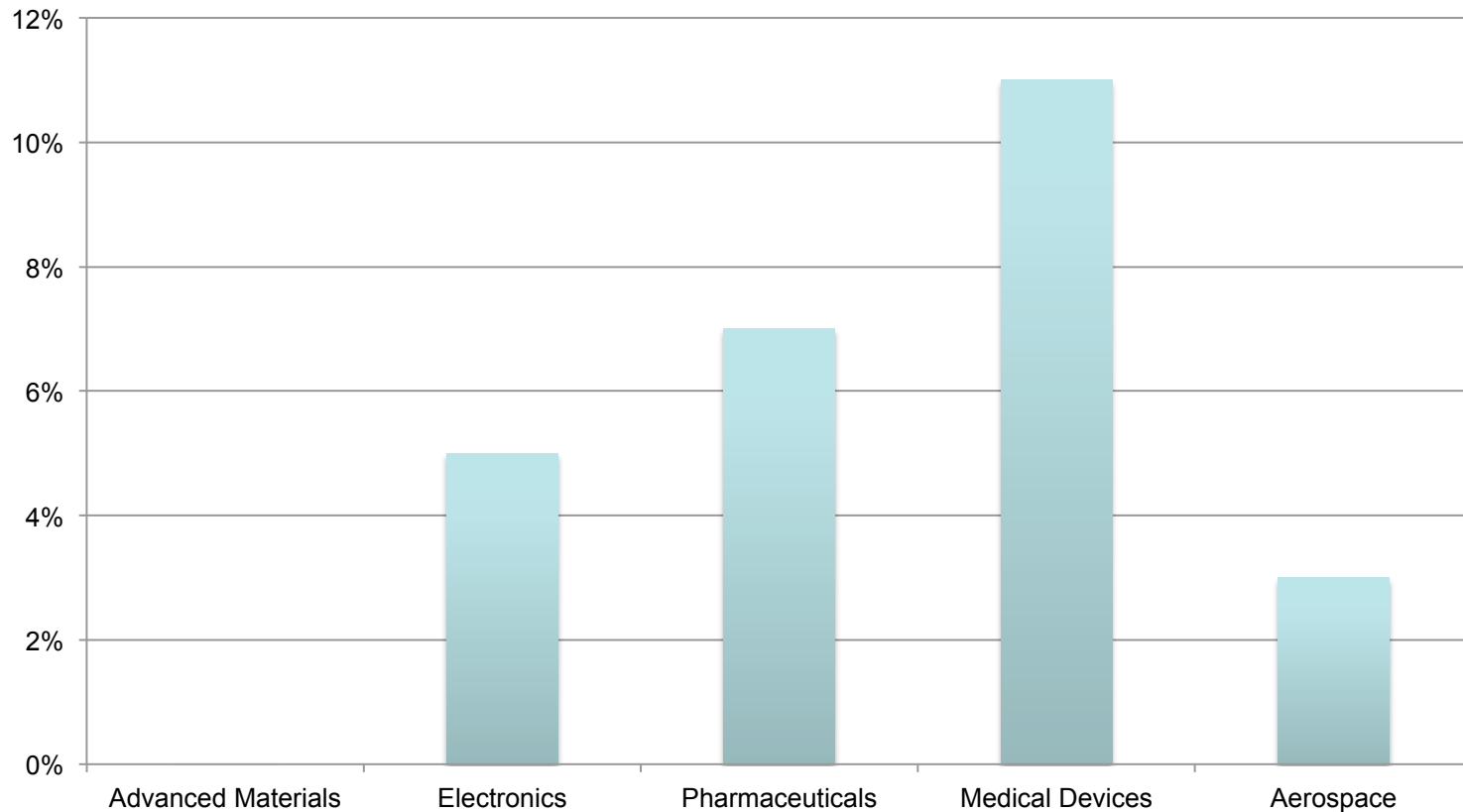
Strategic Framework for Assessing the Value of Production



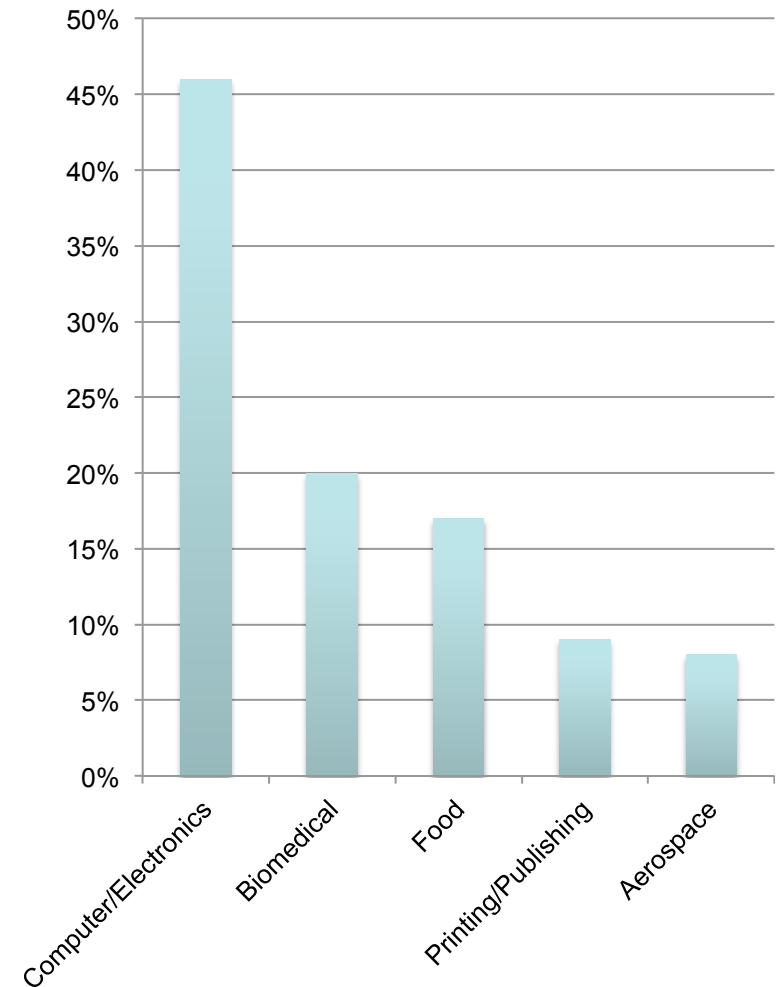
Offshored Production by Sector



Reshored Production by Sector 2009-2012



Bay Area Production - % by Sector





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